6 September 2016

Forbidden Technologies plc

(“Forbidden” or the “Company”)

Interim results

Forbidden Technologies plc (AIM: FBT), the AIM quoted market-leading cloud video platform owner, announces its interim results for the six months ended 30 June 2016.

Financial highlights

- Increase in invoiced sales by 25% to £445k (6 months to 30 June 2015: £355k)
- Revenues £327k (6 months to 30 June 2015: £327k)
- Deferred revenue £150k (31 December 2015: £39k)
- Operating costs of £1,323k (6 months to 30 June 2015: £1,399k)
- EBITDA loss of £1,041k (6 months to 30 June 2015: £1,119k)
- Operating cash outflow of £965k (6 months to 30 June 2015: £1,324k)
- £1,201k received from the issue of new shares, net of costs
- Liquid funds of £1,803k at 30 June 2016 (31 December 2015: £1,676k)

Operational highlights

- Growth in the sales force starting to generate sales momentum with 25% growth in invoiced sales versus the corresponding period last year, and growth in deferred revenues of £150k from £39k at 31 December 2015.
- Continued growth and commercial traction in sports video solutions and overall in the US market.
- Implemented a leaner cost structure in May with benefits starting to accrue in the second half of the year.
- Stephen Streater stepped down as Chairman to be more intensively involved in technology development, and David Main moving from Non-Executive Director role to Chairman.
- Successful fundraising of net £1.2m which is being used to strengthen the Company’s sales team.

Aziz Musa, Forbidden Technologies CEO, commented:

“I am pleased with our progress in the first half having secured 25% growth in invoiced sales over the corresponding period last year. This builds on the early momentum in 2HY2015.

In addition to this we successfully secured new funding, welcoming new investors to support the Company’s development, and completed an organisational restructuring saving circa £1.0m in operating and capitalised costs on an annualised basis.

Finally, an increase in direct sales capacity has given us a stronger top-line focus, and I look forward to seeing our growth continue in the second half.”

Enquiries:

Forbidden Technologies plc
Aziz Musa, CEO
Tel: +44 (0)20 8879 7245

Allenby Capital Limited (Nominated Adviser and Broker)
Nick Naylor, John Depasquale, Richard Short, Katrina Perez
Tel: +44 (0)20 7397 8900

Redleaf Communications (Financial PR)
Rebecca Sanders-Hewett, David Ison, Susie Hudson

Tel: +44 (0)20 7382 4730
Email: forbidden@redleafpr.com

About Forbidden Technologies plc

Forbidden Technologies plc (AIM: FBT, www.forbidden.co.uk) floated in February 2000.

The Company develops and markets a powerful cloud video platform with multiple applications which can be used by rights holders, broadcasters, sports and news video specialists, post-production houses, other mass market digital video channels, corporates and consumers. The platform applications help customers improve their time to market on time sensitive content, and efficiently exploit the full value of their content.

Websites:

www.forbidden.co.uk
www.forscene.com
www.eva.co
www.captevate.com

Social media:

www.facebook.com/FORscene
www.plus.google.com/+Forscenepro/posts
www.linkedin.com/company/forscene
www.twitter.com/forscenepro
www.youtube.com/user/ForsceneTraining

Chairman's Statement

The six-month period to 30 June 2016 was one of building on the momentum of the second half of last year, driven by an increased focus on commercialising our cloud video platform. This growing momentum is reflected in our results, as we look to re-establish a pattern of growth in our business.

The market for video solutions increasingly demands a range of tools to be able to fully exploit the value of high quality content. The range of tools/apps includes those for user generated content, video upload, logging and editing, non-professional video editing, rapid generation of web clips and highlights packages, and multi-channel publishing. We believe we now have the broadest range of integrated cloud video solutions available, ranging from our post production solutions for reality TV and other related long form broadcast shows, to professional sports and news solutions, a social/user generated video solution – eva, and what we believe is the simplest video editing and publishing solution on the market – Captevate.

Our commercial successes in the first half of the year include strengthening our position in Sports, progressing our sales in the North American market, securing a sale with the South African government, achieving our first commercial uses of eva and Captevate, and securing an agreement with Microsoft to be part of its Azure marketplace.

Our technology and product development team is intensively focused on supporting our commercial opportunities going forward while ensuring we maintain our leading position in providing cloud video solutions.

During this period, we also successfully raised an additional net £1.2 million in June 2016 and strategically reduced our cost base, primarily in non-commercial areas of the business. This provides us with a stronger financial base while we grow our sales.

Post this interim period, we have continued to make commercial progress, including most recently securing a contract with an iconic sports venue in the US to help it accelerate the release of media highlights from its on-site events. Helping to provide speed to market of content as well as tools to expand the use of professional content will be an important focus for us going forward.

Financial

Our key growth metric of invoiced sales was up 25% to £445k for the six-month period ending 30 June 2016 versus £355k in the corresponding period last year. Invoiced sales relate to licences and services sold for a series of productions or events over a period of usually up to 12 months.

Revenue earned in the period from invoiced sales was £327k, flat with the corresponding period last year. Deferred revenue on the balance sheet to be earned in future accounting periods was £150k, up from £39k as at 31 December 2015.
After cost of sales the gross profit generated in the period of £283k continued to produce a high gross margin of 86.5% similar to the corresponding period last year. Operating costs were £1,323k (30 June 2015: £1,399k), net of capitalised development costs of £177k (2015: £227k). The EBITDA loss for the period was £1,041k (30 June 2015: £1,119k) and the loss for the period was £1,313k (30 June 2015: £1,351k).

Operating cash outflow in the period was £965k (30 June 2015: £1,324k).

On 6 June 2016 the Company completed a £1.3m placing (before expenses) through the issue of 18,571,421 new ordinary shares of 0.8 pence each at a price of 7 pence per share. The placing provided cash of £1,193k after expenses. The proceeds of the placing are being used to support the growth programs of the business. The balance of the total of £1,201k raised through share issues came from an option exercise. The Company remains debt free and had liquid funds of £1,803k at 30 June 2016 (31 December 2015: £1,676k, 30 June 2015: £2,863k).

On 31 May 2016 the Company completed a restructuring aimed at reducing ongoing operating and capitalised costs by around £1.0 million on an annualised basis, whilst maintaining a strong sales-focused organisation in which we have a direct sales resource of seven full-time employees versus 1.8 at 30 June 2015. These savings will start to accrue in the second half of 2016.

Prospects

As well as starting this period with a larger base of deferred revenues than both six and twelve months ago, we have a larger sales force than we have ever had before. In addition, we continue to build our base of partners to help drive sales going forward.

Our recent deal with an iconic sports, music and entertainment venue in New York reflects an increased focus on helping customers to more effectively exploit the value of high quality content they are already generating. It also demonstrates our growing presence in the US market.

We continue to strengthen our cloud video platform against key customer needs and ensure that all our solutions are capable of working together. Expanding the use of our platform within our existing customer base is a key part of our customer growth and retention strategy and we are excited about the prospects provided by further commercial traction and deals.

UNAUDITED AND CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Unaudited Half year to 30 June 2016	Unaudited Half year to 30 June 2015	Audited Year to 31 December 2015
	£	£	£
CONTINUING OPERATIONS			
Revenue	326,898	327,338	708,717
Cost of Sales	(44,145)	(47,167)	(108,408)
GROSS PROFIT	282,753	280,171	600,309
Operating costs	(1,323,258)	(1,398,781)	(2,686,059)
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION	(1,040,505)	(1,118,610)	(2,085,750)
Depreciation	(24,978)	(68,114)	(156,162)
Loss on disposal of fixed assets	-	-	(1,309)
Amortisation	(208,700)	(152,850)	(334,602)
Employee share option costs	(41,003)	(35,769)	(84,783)
	(274,681)	(256,733)	(576,856)
OPERATING LOSS	(1,315,186)	(1,375,343)	(2,662,606)
Finance income	1,705	24,374	27,124
LOSS BEFORE INCOME TAX	(1,313,481)	(1,350,969)	(2,635,482)
Income Tax	-	-	79,059
LOSS FOR THE PERIOD	(1,313,481)	(1,350,969)	(2,556,423)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(1,313,481)	(1,350,969)	(2,556,423)
Earnings per share expressed in pence per share:			
Basic – continuing and total operations	(0.97p)	(1.02p)	(1.94p)

UNAUDITED AND CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 JUNE 2016

	Unaudited at 30 June 2016 £	Unaudited at 30 June 2015 £	Audited at 31 December 2015 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	1,486,690	1,438,553	1,518,666
Property, plant and equipment	62,225	125,429	74,956
	1,548,915	1,563,982	1,593,622
CURRENT ASSETS			
Inventories	6,788	60,318	-
Trade and other receivables	303,466	323,498	233,845
Tax receivable	-	-	79,059
Cash and cash equivalents	1,802,770	2,862,604	1,675,695
	2,113,024	3,246,420	1,988,599
TOTAL ASSETS	3,661,939	4,810,402	3,582,221
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	1,203,890	1,054,518	1,054,518
Share premium	14,368,893	13,317,572	13,317,572
Capital contribution reserve	125,000	125,000	125,000
Retained earnings	(12,460,180)	(10,031,262)	(11,187,702)
TOTAL EQUITY	3,237,603	4,465,828	3,309,388
CURRENT LIABILITIES			
Trade and other payables	424,336	344,574	272,833
TOTAL LIABILITIES	424,336	344,574	272,833
TOTAL EQUITY AND LIABILITIES	3,661,939	4,810,402	3,582,221

UNAUDITED AND CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Called up share capital £	Share premium £	Capital contribution reserve £	Retained earnings £	Total equity £
Balance at 1 January 2015	1,054,518	13,317,572	125,000	(8,716,062)	5,781,028
Changes in equity					
Share based payment	-	-	-	35,769	35,769
Total comprehensive income	-	-	-	(1,350,969)	(1,350,969)
Balance at 30 June 2015	1,054,518	13,317,572	125,000	(10,031,262)	4,465,828
Changes in equity					
Share based payment	-	-	-	49,014	49,014
Total comprehensive income	-	-	-	(1,205,454)	(1,205,454)
Balance at 31 December 2015	1,054,518	13,317,572	125,000	(11,187,702)	3,309,388
Changes in equity					
Issue of share capital	149,372	1,051,321	-	-	1,200,693
Share based payment	-	-	-	41,003	41,003
Total comprehensive income	-	-	-	(1,313,481)	(1,313,481)
Balance at 30 June 2016	1,203,890	14,368,893	125,000	(12,460,180)	3,237,603

UNAUDITED AND CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Unaudited Half year to 30 June 2016	Unaudited Half year to 30 June 2015	Audited Year to 31 December 2015
	£	£	£
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION	(1,040,505)	(1,118,610)	(2,085,750)
(Increase)/decrease in trade and other receivables	(69,623)	(29,620)	60,033
(Increase)/decrease in inventories	(6,788)	(18,355)	41,963
Increase/(decrease) in trade and other payables	151,505	(157,003)	(228,744)
CASH GENERATED FROM OPERATIONS	(965,411)	(1,323,588)	(2,212,498)
Tax received	79,059	33,650	33,650
NET CASH FROM OPERATING ACTIVITIES	(886,352)	(1,289,938)	(2,178,848)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible fixed assets	(176,724)	(226,864)	(488,729)
Purchase of tangible fixed assets	(12,247)	(3,868)	(44,639)
Sale of tangible fixed assets	-	-	1,887
Sale of fixed term deposits	-	2,000,000	2,000,000
Interest received	1,705	24,374	27,124
NET CASH FROM INVESTING ACTIVITIES	(187,266)	1,793,642	1,495,643
CASH FLOWS FROM FINANCING ACTIVITIES			
Share issue (net of expenses)	1,200,693	-	-
NET CASH FROM FINANCING ACTIVITIES	1,200,693	-	-
Increase in cash and cash equivalents	127,075	503,704	(683,205)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,675,695	2,358,900	2,358,900
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,802,770	2,862,604	1,675,695

NOTES TO THE UNAUDITED AND CONDENSED CONSOLIDATED INTERIM ACCOUNTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

1. Basis of preparation and accounting policies

These interim statements have been prepared on a basis consistent with International Financial Reporting Standards (IFRS). They do not contain all of the information required for full financial statements, and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended 31 December 2015. These interim financial statements do not constitute statutory accounts within the meaning of the Companies Act.

The interim financial information has not been audited. The interim financial information was approved by the Board of Directors on • September 2016. The information for the year ended 31 December 2015 is extracted from the statutory financial statements for that year which have been reported on by the Group's auditors and delivered to the Registrar of Companies. The audit report was unqualified and did not contain a statement under s498 (2) or 498(3) of the Companies Act 2006.

The accounting policies applied by the Company in these interim financial statements are the same as those applied by the Company in its financial statements for the year ended 31 December 2015.